



ANNUAL REPORT 2026

**Sherwood Co-operative
Association Limited**

Management's Responsibility

To the Members of Sherwood Co-operative Association Limited:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for private enterprises and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Co-operative . The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management, internal auditors, and external auditors. The Board is also responsible for recommending the appointment of the Co-operative 's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

April 27, 2026



Chief Executive Officer

To the Members of Sherwood Co-operative Association Limited:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sherwood Co-operative Association Limited (the "Co-operative"), which comprise the balance sheet as at January 31, 2026, and the statements of net savings and retained savings and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Co-operative as at January 31, 2026, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Co-operative in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Co-operative's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Co-operative or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Co-operative's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Co-operative's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Co-operative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Co-operative to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by paragraph 11 of the Co-operatives Regulations, 1998, we report that, in our opinion, Canadian accounting standards for private enterprises have been applied on a basis consistent with that of the preceding year.

Regina, Saskatchewan

April 27, 2026

MNP LLP

Chartered Professional Accountants

MNP

Sherwood Co-operative Association Limited
Balance Sheet
As at January 31, 2026

	2026	2025
Current assets		
Cash	\$ 2,692,274	\$ 4,373,343
FCL special deposit (Note 4(a))	5,398,299	7,491,668
Accounts receivable (Note 5)	5,985,765	6,806,457
Income taxes recoverable	-	1,059,610
Inventories (Note 6)	19,165,960	18,065,455
Prepaid expenses	465,304	473,052
Current portion long-term receivable (Note 7)	33,800	33,800
	33,741,402	38,303,385
 Long-term receivable (Note 7)	 1,344,400	 1,378,200
 Investments		
Federated Co-operatives Limited (Note 4(b))	43,478,264	42,793,010
Other organizations	797	777
 Property, plant and equipment (Note 8)	 100,566,931	 95,387,116
Intangible assets (Note 9)	3,378,700	3,378,700
Total assets	\$ 182,510,494	\$ 181,241,188
 Current liabilities		
Accounts payable and trust liabilities (Note 11)	\$ 23,288,559	\$ 29,516,136
Customer prepaid accounts	112,539	135,102
Income taxes payable	1,220,804	-
Total liabilities	24,621,902	29,651,238
 Members' equity		
Share capital (Note 13)	55,415,145	54,323,938
Reserves and retained savings (Note 14)	102,473,447	97,266,012
	157,888,592	151,589,950
Total liabilities and members' equity	\$ 182,510,494	\$ 181,241,188

Subsequent event (Note 20)

Commitments (Note 21)

Approved on behalf of the Board of Directors



 Director



 Director

The accompanying notes are an integral part of these financial statements



Sherwood Co-operative Association Limited
Statement of Net Savings and Statement of Retained Savings
For the Year Ended January 31, 2026

	2026	%	2025	%
Sales (Note 15)	\$ 356,153,432	100.0	\$ 332,233,912	100.0
Cost of goods sold	<u>288,537,458</u>	<u>81.0</u>	<u>272,941,228</u>	<u>82.2</u>
Gross margin	<u>67,615,974</u>	<u>19.0</u>	<u>59,292,684</u>	<u>17.8</u>
Expenses				
Operating and administration	65,063,068	18.3	56,893,375	17.1
Net interest (Note 16)	<u>(449,944)</u>	<u>(0.1)</u>	<u>(1,124,488)</u>	<u>(0.3)</u>
	<u>64,613,124</u>	<u>18.2</u>	<u>55,768,887</u>	<u>16.8</u>
Savings from operations	3,002,850	0.8	3,523,797	1.0
FCL loyalty program (Note 4(d)(ii))	5,550,364	1.6	5,475,886	1.6
Patronage refunds (Note 4(b))	<u>6,852,538</u>	<u>1.9</u>	<u>5,926,247</u>	<u>1.8</u>
Savings before income taxes	15,405,752	4.3	14,925,930	4.4
Income tax expense (Note 19)	<u>2,255,481</u>	<u>0.6</u>	<u>1,805,032</u>	<u>0.5</u>
Net savings	<u>\$ 13,150,271</u>	<u>3.7</u>	<u>\$ 13,120,898</u>	<u>3.9</u>
Retained savings, beginning of year	\$ -		\$ -	
Net savings	13,150,271		13,120,898	
Transfer to statutory reserve (Note 14)	(770,288)		(776,967)	
Transfer to general reserve (Note 14)	(4,210,682)		(4,211,524)	
Patronage allocation to members (Note 13)	<u>(8,169,301)</u>		<u>(8,132,407)</u>	
Retained savings, end of year (Note 14)	<u>\$ -</u>		<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements



Sherwood Co-operative Association Limited
Statement of Cash Flows
For the Year Ended January 31, 2026

	2026	2025
Operating activities		
Net savings	\$ 13,150,271	\$ 13,120,898
Adjustments for:		
Depreciation	7,960,105	5,919,955
FCL patronage refund	(6,852,538)	(5,926,247)
Loss (gain) on the disposal of property, plant and equipment	35,045	(35,671)
Changes in non-cash operating working capital:		
Accounts receivable	820,692	(1,205,244)
Income taxes	2,280,414	(977,741)
Inventories	(1,100,505)	(3,419,700)
Prepaid expenses	7,748	(42,778)
Long-term receivables	33,800	96,843
Accounts payable and trust liabilities	(6,227,577)	(1,239,713)
Customer prepaid accounts	(22,563)	12,462
Cash provided by operating activities	<u>10,084,892</u>	<u>6,303,064</u>
Investing activities		
Redemption of FCL shares	6,167,284	5,333,623
Additions to property, plant and equipment	(10,479,529)	(14,999,212)
Proceeds from the disposal of property, plant and equipment	6,014	141,221
Additions to intangible assets	-	(380,925)
Investment in other organization	(20)	(61)
Cash consideration on business combination	(2,701,450)	-
Cash used for investing activities	<u>(7,007,701)</u>	<u>(9,905,354)</u>
Financing activities		
Share capital issued	22,620	22,265
GST on allocation	301,801	304,168
Redemption of share capital	(7,176,050)	(7,455,107)
Cash used for financing activities	<u>(6,851,629)</u>	<u>(7,128,674)</u>
Net decrease in cash	(3,774,438)	(10,730,964)
Cash, beginning of year	11,865,011	22,595,975
Cash, end of year	<u>\$ 8,090,573</u>	<u>\$ 11,865,011</u>
Cash is comprised of:		
Cash	\$ 2,692,274	\$ 4,373,343
FCL special deposit	5,398,299	7,491,668
	<u>\$ 8,090,573</u>	<u>\$ 11,865,011</u>

The accompanying notes are an integral part of these financial statements



Sherwood Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended January 31, 2026

1. Incorporation and operations

Sherwood Co-operative Association Limited ("the Co-operative") was incorporated under the Co-operatives Act of Saskatchewan on April 8, 1931. The primary business of the Co-operative is operating retail food, liquor, home centre, and petroleum outlets in Regina, Saskatchewan and area.

2. Significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for private enterprises. A precise determination of many assets and liabilities is dependent upon future events and consequently, the preparation of these financial statements involves the use of estimates and approximations. Areas subject to estimation include valuation of accounts receivable, inventory, useful life of property, plant and equipment, fair value of assets acquired and liabilities assumed on business combination, intangible assets, impairment of long-lived assets, income taxes, asset retirement obligations, accrued liabilities and potential contingencies. These estimates also affect the disclosure of contingencies at the date of the financial statements and the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

These financial statements have been prepared to reflect the following significant accounting policies:

(a) Definition of financial year

The Co-operative's financial year ends on the Saturday closest to January 31.

(b) Cash

Cash is defined as cash and investments with an initial maturity of less than three months.

(c) Inventories

Inventories are valued using a weighted average formula, first-in first-out method, and the retail method. Inventories are stated at the lower of cost and net realizable value.

The Co-operative estimates net realizable value as the amount that inventories are expected to be sold for, taking into consideration fluctuations of retail price due to seasonality less estimated costs necessary to make the sale. Inventories are written down to net realizable value when the cost of inventories is determined to be not recoverable due to obsolescence, damage or permanent declines in selling prices.



Sherwood Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended January 31, 2026

(d) Financial instruments

The Co-operative recognizes its financial instruments when the Co-operative becomes party to the contractual provisions of the financial instrument.

(i) Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction are initially recorded at their fair value. At initial recognition, the Co-operative may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Co-operative has not made such an election during the year.

Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment, or adjustments for patronage refunds or share redemptions. All transactions with Federated Co-operatives Limited (FCL) are disclosed in a separate note (Note 4). All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

(ii) Financial asset impairment

The Co-operative assesses impairment of all its financial assets measured at cost or amortized cost. The Co-operative groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group, there are numerous assets affected by the same factors, or no asset is individually significant. Management considers whether the issuer is having significant financial difficulty, whether there has been a breach in contract, such as a default or delinquency in interest or principal payments, in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Co-operative determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Co-operative reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the balance sheet date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year net savings.

The Co-operative reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in net savings in the year the reversal occurs.



Sherwood Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended January 31, 2026

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is taken over the estimated useful lives of the assets using the following methods and rates:

Pavement	Straight-line & declining balance	5% of original cost & 8%
Buildings	Straight-line & declining balance	4%-10% of original cost & 10%
Furniture & equipment	Declining balance	20%-100%
Vehicles & equipment	Declining balance	10%-30%
P.O.S. equipment	Straight-line & declining balance	20% of original cost & 30%-100%
Building improvements	Straight-line	5%-20% of original cost

In the year of acquisition, depreciation is prorated over the period of use.

Expenditures for maintenance and repairs are charged to operating expenses as incurred. Significant expenditures for improvements are capitalized. Gains or losses realized on the disposal of property, plant and equipment are reflected in operations in the year of disposition.

Claims for assistance under various FCL programs are recorded as a reduction of the cost of related assets in the period in which eligible expenditures are incurred, with any depreciation calculated on the net amount.

An impairment loss is recognized when the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. No such impairment loss was recorded during the year.

(f) Asset retirement obligation

The Co-operative has a liability for an asset retirement obligation in the period in which a legal liability is incurred. The liability is based on management's best estimate. The liability is subsequently adjusted for the passage of time, which is recognized as an accretion expense in the statement of net savings and statement of retained savings. The liability is also adjusted due to revisions in either the timing or the amount of the original estimated cash flows associated with the liability. Actual costs incurred upon settlement of the asset retirement obligations are charged against the asset retirement obligation to the extent of the liability recorded.

(g) Share capital

The Co-operative approves an allocation to members subsequent to year end. The amount is recorded as an addition to share capital and a reduction in retained savings. The Co-operative records the redemption of shares that is to be paid to members at the time it has been approved by the Board of Directors.

(h) Revenue recognition

The Co-operative recognizes revenue when evidence of an arrangement exists, delivery or change of ownership has occurred, the price has been determined, and collection is reasonably assured. Patronage allocations are recognized in savings when earned by the Co-operative.

(i) Income taxes

The Co-operative follows the taxes payable method whereby only current income tax assets and liabilities are recognized to the extent they remain unpaid or are recoverable. In addition, the benefit relating to a tax loss incurred in the current period and carried back to prior periods is recognized as a current asset. Current income tax assets and liabilities are measured using tax rates that are enacted or substantively enacted at the reporting date.



Sherwood Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended January 31, 2026

(j) Intangible assets

Indefinite life intangible assets, which consist of licences, are not amortized.

An impairment loss is recognized when the carrying amount of an intangible asset is not recoverable and exceeds its fair value. No such impairment loss was recorded during the year.

(k) Business combinations

Business combinations are accounted for using the acquisition method. The application of this method requires certain estimates and assumptions especially concerning the determination of the fair value of the acquired intangible assets, property, plant and equipment, as well as the liabilities assumed at the date of the acquisition, based on information available at that date.

At the acquisition date, the Co-operative recognizes, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the subsidiary. Identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values. Any non-controlling interest in a subsidiary is measured either at fair value or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets.

The consideration transferred for each acquisition is measured as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred, and equity instruments issued by the Co-operative to obtain control of the subsidiary.

3. Financial instruments and risk management

The significant financial risks to which the Co-operative is exposed are credit risk, interest rate risk, and liquidity risk.

(a) Credit risk

The Co-operative is exposed to credit risk on accounts receivable from its customers. The Co-operative manages credit risk through an active credit management program. One customer accounts for 10.4% of the accounts receivable balance (2025 - no significant exposure to any individual customer).

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. Changes in market interest rates may have an effect on cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Co-operative's sensitivity to fluctuations in interest rates is limited to its cash and funds on deposit. The Co-operative manages its exposure to interest rate risk through floating rate deposits and borrowings.

(c) Liquidity risk

Liquidity risk is the risk that the Co-operative will encounter difficulty in meeting obligations associated with financial liabilities. The Co-operative is exposed to liquidity risk arising primarily from the current obligations. The Co-operative's ability to meet obligations depends on funds generated by its operations.



Sherwood Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended January 31, 2026

4. Transactions with Federated Co-operatives Limited

(a) FCL special deposit

Amounts held with FCL as special deposits earn interest at rates based on prime rates.

(b) Patronage refund

The Co-operative, along with other Co-operatives in Western Canada, own FCL. At the end of each year, FCL divides a substantial portion of its net savings among these retail Co-operatives in proportion to the business done by each with FCL. During FCL's fiscal year ended October 31, 2025, the Co-operative purchased goods amounting to \$236,293,514 (2025 - \$222,866,417) from FCL in the normal course of operations.

These purchases resulted in a patronage refund from FCL which was received as non-cash consideration in the form of additional shares in FCL. FCL, based on its available cash flow, redeemed an amount of FCL shares held by the Co-operative. The amounts of the patronage refund and shares redeemed are as follows:

	2026	2025
Opening investment balance	\$ 42,793,010	\$ 42,200,386
Patronage refund	6,852,538	5,926,247
Share redemptions	<u>(6,167,284)</u>	<u>(5,333,623)</u>
Closing investment balance	<u>\$ 43,478,264</u>	<u>\$ 42,793,010</u>

(c) Asset retirement obligation

The Co-operative participates in a contaminated site management program established by FCL to manage its asset retirement obligations. This program limits the Co-operative's liability to \$25,000 per site as long as the Co-operative continues to exercise due diligence. The Co-operative has 18 sites (2025 - 17 sites) under this program. Management believes that due diligence has been exercised and that the impact of the asset retirement obligation to the Co-operative's financial statements is not significant.

(d) Purchase commitments

(i) Under the terms of the agreement with FCL, the Co-operative has committed to purchase petroleum products, at market price, from FCL for its gas bar and cardlock operations over a ten year period commencing from April 2016. Failure to meet this commitment would require the Co-operative to immediately pay outstanding gas bar and cardlock loan balances owed to FCL, plus repay any gas bar and cardlock grants received, including interest on the grants compounded annually at 10% from the grant date. Total grants received during this period amounted to approximately \$5,458,806 (2025 - \$6,737,028). Management intends to fulfill all existing contracts with FCL.

(ii) Under the terms of the agreement with FCL, the Co-operative has committed to purchase at least 90% of its total goods from FCL and commits, to the best of its ability, to use FCL's services. If the eligibility requirements are met, FCL will pay the Co-operative, on a quarterly basis, a Loyalty Payment based on cents per litre. The Loyalty Payment revenue is accrued as earned.

(iii) Under the terms of the agreement with FCL, the Co-operative has committed to purchase all food, pharmacy, and food-related products, from FCL and continue to operate all food stores acquired through the Sobey's acquisition over a thirty year period commencing from June 2018. Failure to meet this commitment would require the Co-operative to repay the assistance received on a prorated basis. Management intends to fulfill all commitments with FCL.



Sherwood Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended January 31, 2026

(iv) Under the terms of the agreement with FCL, the Co-operative has committed to purchase food, pharmacy, food-related, and petroleum products from FCL and continue to operate certain food stores and c-stores over periods of ten to thirty years depending on the specific contract. Failure to meet this commitment would require the Co-operative to repay the assistance received on a prorated basis. Total assistance that would be repayable if commitments were not met without FCL approval as at January 31, 2026 amounted to \$15,164,392 (2025 - \$14,552,925). Management intends to fulfill all commitments with FCL.

5. Accounts receivable

	2026	2025
Customer accounts receivable	\$ 5,208,755	\$ 5,716,285
Other accounts receivable	1,918,010	1,640,172
Allowance for doubtful accounts	<u>(1,141,000)</u>	<u>(550,000)</u>
	<u><u>\$ 5,985,765</u></u>	<u><u>\$ 6,806,457</u></u>

6. Inventories

	2026	2025
Food stores	\$ 5,176,437	\$ 4,833,943
Petroleum operations	3,079,354	3,707,952
Home centre	4,282,709	4,049,644
Branches	3,449,712	3,488,066
Liquor stores	<u>3,177,748</u>	<u>1,985,850</u>
	<u><u>\$ 19,165,960</u></u>	<u><u>\$ 18,065,455</u></u>

The cost of inventories recognized as an expense during the year was \$288,537,458 (2025 - \$272,941,228).



Sherwood Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended January 31, 2026

7. Long-term receivable

	Total	2026 Current Portion	2026 Deferred Portion	2025 Current Portion	2025 Deferred Portion
Relocation ⁽¹⁾	\$ 128,200	\$ 33,800	\$ 94,400	\$ 33,800	\$ 128,200
YMCA ⁽²⁾	1,250,000	-	1,250,000	-	1,250,000
	<u>\$ 1,378,200</u>	<u>\$ 33,800</u>	<u>\$ 1,344,400</u>	<u>\$ 33,800</u>	<u>\$ 1,378,200</u>

⁽¹⁾ The relocation receivable is interest free and repayable at \$1,300 bi-weekly for ten years at which time the remaining balance is receivable.

Although the relocation receivable is of a demand nature, management does not intend to exercise the demand feature.

⁽²⁾ The YMCA receivable is interest free and becomes repayable in 2029 and is understood that the financing is considered as additional rent as defined in the lease agreement.

The schedule of repayments for the next four years are as follows:

2027	\$ 33,800
2028	33,800
2029	1,283,800
2030	26,800
	<u>\$ 1,378,200</u>

8. Property, plant and equipment

	Original Cost	Accumulated Depreciation	2026 Book Value	2025 Book Value
Land	\$ 34,848,937	\$ -	\$ 34,848,937	\$ 30,969,627
Pavement	13,526,610	6,071,849	7,454,761	5,539,780
Buildings	67,215,895	25,944,717	41,271,178	31,816,646
Furniture & equipment	44,510,322	33,921,026	10,589,296	9,617,099
Vehicles & equipment	4,048,951	2,911,346	1,137,605	1,142,576
P.O.S. equipment	2,619,506	2,216,605	402,901	676,554
Building improvements	8,750,855	4,727,090	4,023,765	4,293,037
Under construction	838,488	-	838,488	11,331,797
	<u>\$ 176,359,564</u>	<u>\$ 75,792,633</u>	<u>\$ 100,566,931</u>	<u>\$ 95,387,116</u>

Depreciation for the current year included in operating and administration expense was \$7,960,105 (2025 - \$5,919,955).



Sherwood Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended January 31, 2026

9. Intangible assets

Licenses	2026	2025
Balance, beginning of the year	\$ 3,378,700	\$ 2,997,775
Additions	<u>-</u>	<u>380,925</u>
	<u>\$ 3,378,700</u>	<u>\$ 3,378,700</u>

10. Line of credit

The Co-operative has a \$500,000 line of credit with Conexus Credit Union of which no amount has been drawn as at January 31, 2026 (2025 - \$nil). The line of credit is secured by a promissory note and a General Security Agreement covering all and present and after acquired property. Interest on the line of credit is prime plus 2.0% (6.45%) (2025 - 7.20%).

11. Accounts payable and trust liabilities

	2026	2025
FCL payables	\$ 14,326,365	\$ 17,631,973
Other payables	8,283,603	9,049,011
Trust liabilities:		
Workers Compensation Board	40,868	17,544
Payroll deductions	291,565	269,750
Goods and services tax	40,536	218,611
Provincial sales tax	204,807	208,254
Liquor consumption tax	98,653	63,173
Vape consumption tax	2,162	2,538
Federal fuel charge	<u>-</u>	<u>2,055,282</u>
	<u>\$ 23,288,559</u>	<u>\$ 29,516,136</u>



Sherwood Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended January 31, 2026

12. Long-term debt

(a) FCL line of credit has no balance outstanding as at January 31, 2026 (no balance at January 31, 2025), bearing interest at prime rate 4.45% (2025 - 5.20%), repayable via an annual reduction in available credit, maturing August 31, 2027. The loan is subject to certain nonfinancial covenants. The Co-operative believes it is in compliance with these covenants as at year-end and have been in compliance since the loan start date. The available credits decrease as follows:

September 1, 2025 - August 31, 2026	\$ 3,620,000
September 1, 2026 - August 31, 2027	1,810,000

(b) FCL line of credit has no balance outstanding as at January 31, 2026 (no balance at January 31, 2025), bearing interest at prime rate 4.45% (2025 - 5.20%), repayable via an annual reduction in available credit, maturing November 4, 2030. The loan is subject to certain nonfinancial covenants. The Co-operative believes it is in compliance with these covenants as at year-end and have been in compliance since the loan start date. The available credits decrease as follows:

November 4, 2025 - November 4, 2026	\$ 5,000,000
November 4, 2026 - November 4, 2027	4,000,000
November 4, 2027 - November 4, 2028	3,000,000
November 4, 2028 - November 4, 2029	2,000,000
November 4, 2029 - November 4, 2030	1,000,000

(c) FCL line of credit has no balance outstanding as at January 31, 2026 (no balance at January 31, 2025), bearing interest at prime rate 4.45% (2025 - 5.20%), repayable via an annual reduction in available credit, maturing September 4, 2030. The loan is subject to certain financial and nonfinancial covenants. The Co-operative believes it is in compliance with these covenants as at year-end and have been in compliance since the loan start date. Security for the credit consist of a General Security Agreement and a first charge, all-purpose collateral mortgage. The available credits decrease as follows:

September 5, 2025 - September 4, 2026	\$ 9,075,000
September 5, 2026 - September 4, 2027	7,260,000
September 5, 2027 - September 4, 2028	5,445,000
September 5, 2028 - September 4, 2029	3,630,000
September 5, 2029 - September 4, 2030	1,815,000



Sherwood Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended January 31, 2026

13. Share capital

Authorized, unlimited @ \$1	2026	2025
Balance, beginning of year	\$ 54,323,938	\$ 53,593,507
Allocation to members	8,169,301	8,132,407
Cash from new members	22,620	22,265
GST on allocation	301,801	304,168
Shares transferred from reserves	16,288	15,320
	<u>62,833,948</u>	<u>62,067,667</u>
General repayment	5,069,876	5,185,780
Shares transferred to reserves	242,753	288,622
Withdrawals and retirements	1,450,722	1,568,291
Withholding tax	655,452	701,036
	<u>7,418,803</u>	<u>7,743,729</u>
Balance, end of year	<u>\$ 55,415,145</u>	<u>\$ 54,323,938</u>

14. Reserves and retained savings

	Statutory Reserve	General Reserve	Retained Savings	2026	2025
Balance, beginning of year	\$ 15,926,166	\$ 81,339,846	\$ -	\$ 97,266,012	\$ 92,004,219
Net savings distributed to retained	-	-	13,150,271	13,150,271	13,120,898
Patronage allocation	-	-	(8,169,301)	(8,169,301)	(8,132,407)
Shares transferred	226,465	-	-	226,465	273,302
Reserve transfers	<u>770,288</u>	<u>4,210,682</u>	<u>(4,980,970)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 16,922,919</u>	<u>\$ 85,550,528</u>	<u>\$ -</u>	<u>\$ 102,473,447</u>	<u>\$ 97,266,012</u>



Sherwood Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended January 31, 2026

15. Sales

	2026	2025
Food stores	\$ 113,027,315	\$ 102,117,435
Petroleum operations	158,964,558	156,566,843
Home centre	11,668,362	10,523,705
Branches	55,974,309	55,989,667
Liquor stores	<u>16,518,888</u>	<u>7,036,262</u>
	<u>\$ 356,153,432</u>	<u>\$ 332,233,912</u>

All sales are to external customers and no single customer accounts for more than 10% of sales.

16. Net interest

	2026	2025
Interest expense on		
- Short-term debt	\$ 99,894	\$ 9,904
Interest revenue	<u>(549,838)</u>	<u>(1,134,392)</u>
	<u>\$ (449,944)</u>	<u>\$ (1,124,488)</u>

17. Lease to others

The Co-operative leases property, plant and equipment to others. The lease is classified as an operating lease and rental revenues are included in operating and administration expenses. At year end the cost of the property, plant and equipment held for leasing purposes was \$8,607,324 (2025 - \$5,905,874) and the accumulated depreciation was \$3,453,572 (2025 - \$2,014,304). Revenue generated from operating leases during the year is \$575,987 (2025 - \$556,971).

18. Pension plan

The Co-operative participates in a multi-employer defined contribution plan whereby the Co-operative and participating employees contribute equal amounts up to the maximum allowed under the Income Tax Act. The Co-operative has no unfunded liability under this plan. During the year, the Co-operative recorded \$1,080,667 (2025 - \$1,014,235) of expense relating to the plan. There were no significant changes to the rate of employer contributions during the year.



Sherwood Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended January 31, 2026

19. Income tax expense

The Co-operative accounts for income taxes using the taxes payable method. As a result, the Co-operative's income tax expense varies from the amount that would otherwise result from the application of the statutory income tax rates as set out below:

	2026	2025
Savings before income taxes	\$ 15,405,752	\$ 14,925,930
Expected income tax expense at the combined tax rate of 27.0% (2025 - 27.0%) net of the general rate reduction	4,159,553	4,030,001
Increase (decrease) in income tax expense resulting from:		
Non-taxable income and non-deductible expense	27,383	(5,136)
Patronage allocation to members of \$8,169,301 (2025 - \$8,132,407)	(2,205,711)	(2,195,750)
Income or expenses claimed in different periods for income tax purposes:		
Depreciation in excess of capital cost allowance	284,281	-
Capital cost allowance in excess of depreciation	-	(12,720)
Allowance for doubtful accounts	(13,249)	(8,951)
Other items that impact income taxes:		
Manufacturing and Processing Investment Tax Credit	(3,587)	(3,135)
Prior year tax adjustment	6,811	723
	<u>\$ 2,255,481</u>	<u>\$ 1,805,032</u>

20. Subsequent event

Patronage allocation to members

Subsequent to January 31, 2026 the Board of Directors approved a patronage allocation to members in the amount of \$8,169,301 (2025 - \$8,132,407).

21. Commitments

(a) The Co-operative is committed to the completion of a gas bar in Regina, Saskatchewan. The estimated total cost of the project is \$10,177,246 of which \$2,423,743 has been incurred as of yearend. This amount will be financed with internally generated cash flows and line of credit.

(b) The Co-operative is committed to the completion of a new food store in Indian Head, Saskatchewan. The estimated total cost of the project is \$11,701,921 of which \$214,745 has been set up as under construction. This amount will be financed with internally generated cash flows and line of credit.

(c) The Co-operative has approved a renovation/expansion to the lumber and cardlock facilities in Indian Head, Saskatchewan. The estimated total cost of the project is \$2,950,000. This amount will be financed with internally generated cash flows and line of credit.



Sherwood Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended January 31, 2026

22. Business combination

On April 4, 2025 the Co-operative purchased 100% of the shares of DMJS Property Corp. and on January 31, 2026, the Co-operative dissolved and wound up DMJS Property Corp. operations. The business has been integrated into the Co-operative's operations and is reported within the Petroleum operations division segment. Total cash consideration was \$2,701,450. The Co-operative determined the acquisition constituted a business combination and applied the acquisition method to record the transaction.

The purchase price allocation was as follows:

Land	\$ 1,501,450
Building	<u>1,200,000</u>
	<u>\$ 2,701,450</u>

23. Operating leases

The Co-operative is committed to operating leases. Total minimum lease payments are as follows:

2027	\$ 812,391
2028	812,391
2029	812,391
2030	812,391
2031	<u>110,208</u>
	<u>\$ 3,359,772</u>



Sherwood Co-operative Association Limited
Unaudited Statistical Information
For the Year Ended January 31, 2026

Record of Sales and Net Savings

	<u>Year</u>	<u>Cash payments to members</u>	<u>Sales</u>	<u>Net Savings before income taxes</u>	<u>%</u>
From Date of Incorporation, April 8, 1931, to January 31,	2016	*	\$ 3,222,103,833	\$ 121,960,022	3.8
	2017	4,048,080	228,335,978	11,163,943	4.9
	2018	4,232,922	242,012,500	10,048,334	4.1
	2019	3,964,496	264,289,124	17,066,621	6.4
	2020	5,202,416	250,925,513	12,726,014	5.1
	2021	5,015,511	230,577,404	7,598,351	3.3
	2022	4,530,226	275,250,684	16,505,297	5.9
	2023	5,997,054	330,836,707	19,065,145	5.8
	2024	7,562,227	325,720,344	18,895,453	5.9
	2025	7,455,107	332,233,912	14,925,930	4.4
	2026	7,176,050	356,153,432	15,405,752	4.3
		<u>\$ 55,184,089</u>	<u>\$ 6,058,439,431</u>	<u>\$ 265,360,862</u>	<u>4.4</u>

* Cash repayments to members represent only the most recent ten year history

Membership

Members purchasing during the year	75,371
Inactive members	<u>16,019</u>
Total members	<u>91,390</u>



